

## HYBRID CREDIT CARD TRANSACTION SYSTEM

### ABSTRACT OF THE DISCLOSURE

A hybrid credit card transaction system that processes transactions as either virtual standard transactions directed through a clearinghouse or as virtual closed loop transactions bypassing the clearinghouse, is disclosed. The system includes a logic enabled merchant that detects virtual closed loop transactions and directs them to an affiliated acquiring entity which acquires the virtual closed loop transactions and routes them directly to an affiliated card issuing entity so as to bypass the clearinghouse. The affiliated card issuing entity debits virtual standard transactions to a credit card account and virtual closed loop transactions to a private label account. The logic enabled merchant, associated acquiring entity and the associated card entity may be affiliated by participation in an Internet site that promotes transactions between small businesses and merchants selling wholesale goods. A reduction in processing fees accrued when bypassing the clearinghouse promotes issuance and use of the hybrid credit cards.